

MINUTES

The Board of Trustees

Temple University - Of The Commonwealth System of Higher Education

Tuesday, March 9, 1982

3:00 P.M., Ritter Hall South, Room 106 - KIVA

Attendance:

Members - Fitz Eugene Dixon, Jr.; Nathan C. Barr, Linda D. Brawner, Francis J. Catania, Patricia J. Clifford, Paul A. Dandridge, Louis J. Esposito, John C. Haas, Roger S. Hillas, Irving K. Kessler, Hillel S. Levinson, David C. Melnicoff, Thomas Z. Minehart, Henry H. Nichols, Patrick J. O'Connor, William L. Rafsky, Anthony J. Scirica, Edwin H. Sherman, Marvin Wachman, Robert L. Watson, Jr., Albert F. Zanger

being a quorum of the Board of Trustees;

Honorary Life Trustee - Paul R. Anderson

Invited Guests - Faculty - Joseph Baum, Robert L. Cornish,
S. Elizabeth Davis, Murray M. Halfond

Students - Ron Adams, Adriene Wolmark

Administration and Staff - Peter J. Liacouras, Leo M. Henikoff,
Marvin B. Klein, James D. Logan, John L. Rumpf, James M. Shea, Lee H. Wenke, George H. Haganir, William C. Seyler

General Counsel - Peter Mattoon

University Counsel - David V. Randall

Members Absent - Richard J. Fox, Howard Gittis, Christopher D. Hein, Paul M. Henkels, Samuel Lander, Andrew L. Lewis, Jr., M. Mark Mendel, Mrs. R. Stewart Rauch, A. Addison Roberts, Milton L. Rock, Samuel H. Rosenberg, Samuel Rudofker, Isadore A. Shrager, Marban M. Sparkman

The meeting was opened with prayer by Dr. Henry H. Nichols.

The Chairman welcomed and introduced the invited guests from the faculty, and the student body.

REPORTS TO AND ACTIONS OF THE BOARD OF TRUSTEES

1. Approval of Minutes

On motion duly made and seconded, the Minutes of the regular meeting

of December 8, 1981 and of the Special Meeting of December 17, 1981 were approved as previously distributed to the members.

2. President's Report

The President joined the Chairman in welcoming the guests here today, noting especially the presence of President-elect Peter J. Liacouras and of the immediate past President of the University, Paul R. Anderson. He also welcomed Bill Swank, President of the Student Senate, who has been recently in Harrisburg and in Washington in an effort to see that students get appropriate support from the state and federal governments.

A. The Financial Status of the University

Dr. Wachman said that there is only one overriding issue today and that is the financial status of the University. As we look ahead for the next several years, we must be concerned with our financial status and its impact on students, faculty and programs.

The President had discussed this issue before a special meeting of the University Faculty Senate in this room on February 18 and followed it up with a written message to all faculty and others on February 23. All Trustees have received a copy of this message of February 23.

Over the past month and one-half, he and Vice President Rumpf have met with the Faculty Senate Steering Committee to discuss the dimensions of our problem. We have met with all of the Deans and Dr. Rumpf, as Vice President and Dean of Faculties, meets regularly with the Deans.

There has been a meeting of the University Resources and Priorities (URAP) Committee, which includes six elected members of the faculty, two deans, and staff members; it did include students but they were not at the URAP meeting when these issues were discussed.

There have also been presentations made to the Business and Finance Committee, the Executive Committee and the Educational Policies Committee of the Board within the past month. It is obviously impossible to repeat all of the things that were said at these many meetings.

We are now approaching the last month of our consultations and deliberations in preparation for presenting a Tentative Budget to the Board of Trustees for the fiscal year 1982-83. That will be done at the May 11, 1982 meeting of the Board in accordance with our By-Laws. The Budget has to be tentative because we will not know what the Commonwealth will be providing for 1982-83. We will also present a projected budget for the two years following 1982-83 at a minimum to the Business and Finance and Executive Committees.

Financially and otherwise, the University has done quite well the last two years. If we were egotistical, we would say it was good management. There have been other factors: the enrollment declines were somewhat smaller than expected; we raised tuition to levels which he is sure some students feel were too high. He still feels that Temple University is the best buy for a University-level training in this entire region.

This year and the next several years do not look as bright as the last two did. We all know the factors involved. He laid some of them out in a message early in September and in an October 1 memorandum when it looked like we would not have a balanced budget this year, and this also went to the Board of Trustees. His "urgent message" of February 23 lists a number of factors.

The posture of the federal government is one factor; and we have suffered some reductions in funds for direct operating expenses, particularly in the health care training area. This is the first year we have had zero capitation grants for the Medical School, the Dental School, the School of Nursing, and the Pharmacy School. This is a big loss. We have lost support in the field of Education. We have lost some \$400,000 in Title XX monies which were appropriately used for faculty salaries.

We have been involved in rising costs for energy; ten years ago our energy costs were \$2 million, and currently they are between \$14 and \$15 million. Our security costs are up. Our interest charges are up. Necessary compensation increases have caused our costs to rise; and there has been general inflation that affects everything the University purchases.

Relatively speaking, we are suffering a decline in regard to State operating appropriations. In 1977-78 we had no increase in State support at all, which we did not know about until mid-fiscal year. We had a deficit that year but ran surpluses in following years to make up for that. We averaged about a 4% increase in State appropriations, but this did not come close to meeting inflationary rises.

There has been uncertainty among students about government financial aid. If the federal administration plan goes through, financial aid for students and loan aid will be very severely affected. Professional schools will be cut out completely. Only about 50% of the 1979-80 aid will be available. The estimate is that our loss for 1983-84 will be in the nature of \$14 million in loan funds; some \$5 million in special student aid grants, etc. The uncertainty in this area has affected us already. We want to keep the tuition increase as reasonable as possible; we want to keep financial aid up internally because external aid is likely to be declining.

Demographic changes have also impacted on the University, and these tend to affect a commuting institution such as Temple more so than a residential one.

The President said he assumes it is not necessary to go over the specific numbers attached to all of the above factors because they have been discussed widely many times.

Since the President spoke to the Faculty Senate on February 18, and since the various Board Committees have met, there have been several honest concerns raised; they involve sensitive questions. The timing of the submission of School and College budgets to the Vice President and Dean of Faculties for final processing into the Budget has been a key question among faculty. He reminded everyone that this is the normal time for budgeting. Normally, we actually start earlier. We were hit with a 1% reduction late in December; we were not sure about enrollments. For our Tentative Budget to reach the May meeting of the Board and to present the figures earlier to the Business and Finance Committee and the Executive Committee on 4/15 and 4/22, it is necessary for the administration to prepare the budget at this time.

There are some differences in the budgeting process this year; (1) we are requesting more detail than we normally do for the 1983-84 and 1984-85 years, in addition to 1982-83; but these are not normal times. We have a mandate from the Business and Finance Committee and the Executive Committee to present three-year budgets, and we will do that.

Dr. Wachman said it is true that from some points of view, the deadlines do represent a rather short time to pull all of the material together in the colleges; but he has to point out that the thinking and planning for the budget for next year has been going on for weeks and months. It actually goes back to 1977 when we had a crisis and the increase from the State did not come through at all. In the fall of 1978 and the spring of 1979 the administration presented the "best case" "worst case" scenarios to all of the faculties and to the Committees of the Board, indicating what enrollments looked like, etc.

Budget hearings with the Vice President and Dean of Faculties have been part of the continuing planning and these are almost non-stop in nature to massage the assumptions and numbers involved. It is an understatement to say that there have been rather comprehensive consultations and discussions behind the budget that will be presented to the Board of Trustees.

There have been faculty utilization plans, productivity plans by college, and academic plans--all of which are part of the budgeting numbers and programs that lie behind the budget figures.

The situation that occurred in 1979 after the "best case-worst case" presentations were made was fortunate for us. We had enough flexibility in our programs, and several new programs, including TEAM, so that there was a possibility of eliminating the need for terminations in 1979.

Last Monday, about this time, Vice President Rumpf and he presented to the Deans budget allocations of unrestricted funds for 1982-83, 1983-84 and for 1984-85. These were developed by Dr. Rumpf and his staff. The President explained the context of these allocations and Dr. Rumpf discussed the factors that were used. He used the guidelines that were developed by URAP and the faculty, including such items as quality, centrality of programs to the mission of the University, relationship to student and societal needs, productivity, space allocations, etc. The Deans and the Departmental Chairmen, and appropriate faculty groups within the various colleges have been meeting and consulting and working on this.

Alternatives will include summer sessions, early retirement and other suggestions. There is evidence already that there is serious re-examination of the heart of the curricula in the colleges and that this re-examination has been stepped up because of the constraints in our situation today. There is no intent to cut down the graduate fellowships or the undergraduate assistance.

There is evidence that we may have a leaner but stronger institution; and still a very large institution in terms of offerings as a result of these financial plans. If there are terminations (which everyone is naturally concerned about), there must be appropriate time given before these take place; and in the interim there will be continuing discussions to try to avoid them if at all possible.

The three-year budget presented in current terms is a rolling budget; it is to be re-examined and projected each year down the road; certainly the numbers are not set in concrete. Budgeting in an institution as large as Temple is a continuing process.

The President said he is sorry that in his last few months as President it is necessary to deal with these financial matters, but it is necessary. The Board of Trustees rightly should not let the administration escape the issue. The banks would not let us escape the issue in terms of short-term loans. Certainly, he is committed to turning over to Dean Liacouras, the next President, a University with as few financial problems as possible--and hopefully with none. The President-elect will have enough problems commencing 7/1/82 without inheriting any more.

Dr. Wachman concluded with some positive developments. We have a serious situation and we have to deal with it and we will try to deal with it in a forthright, sensitive way, with as much consultation as possible. Somewhere along the line decisions have to be made.

The President noted that the Chairman of the Development Committee, Mr. Barr, will be reporting on the Centennial Challenge Program where the private fund-raising effort is going very well; we are at the \$45 million mark, and this should be of great assistance.

There is a great deal of activity in recruiting students. It may be that our situation will get a boost from the fact that a number of institutions will increase their tuition to the \$7200-\$7400 range, and students may find Temple quite competitive with these institutions. Our applications for next fall are down some, but the admitted students are up. We plan to take a broad telephone approach to sell the admitted students on Temple, get them to pay their desposits, and to follow up with as many potential students as possible.

Temple has a fine student body; we have more Merit Scholars than ever before; the outstanding scholarship program has helped. The recommendation for this program came out of the Faculty Senate and it has brought us an outstanding group of students.

The quality of our faculty is very good. We have produced a number of cost saving efforts; we have made tremendous savings on insurance. The Hospital Debt, which threatened to strangle the University no longer exists. Our faculty is certainly better than ever. We have new buildings, such as the College of Engineering Technology Building, the Addition to the Dental School Building in process and the total facilities at TUCC have been expanded and improved.

Our international programs continue to improve and expand. We may have a program in Japan, which will be a kind of cost plus program. The TEAM program in Europe is producing a great experience for our faculty and is now producing a positive financial return.

Finally, the consciousness of the Temple University community concerning the issues and challenges facing education is higher than it ever has been in the past. With the cooperation of the faculty and everyone else, including the Board of Trustees, we will solve the problems before us and come out of the present situation stronger, as Temple has done in its nearly 100 years of existence.

REPORTS AND RECOMMENDATIONS FOR ACTION

Executive Committee Report and Recommendations for Action

Mr. Kessler, Chairman of the Executive Committee, called attention to the

Committee Report (Agenda Reference 1), and he then recommended that the Board approve the matters covered in Items 3, 4 and 5 of these Minutes.

3. Borrowing Authority - 4/1/82 - 6/30/82

On motion duly made and seconded, the Board voted to approve the recommendation of the Executive Committee (2/25/82) that the officers be authorized to borrow for operating purposes of the University \$30 million on terms which the officers believe best for the University, such authorization to cover the period from April 1, 1982 through June 30, 1982. (Resolution is attached as SUPPLEMENT I.)

4. Policy Regarding Reduction of Projected Deficit

On motion duly made and seconded, the Board voted to approve the recommendation of the Executive Committee (2/25/82) that the Board approve of the steps that the administration is taking to reduce the projected deficits for the next three years, and that the Board directs the administration to pursue vigorously its program to insure that a balanced budget can be achieved by fiscal year 1983-84.

5. Resolution Honoring Erwin C. Surrency

On motion duly made and seconded, the Board voted to approve the recommendation of the Executive Committee (2/25/82) that it adopt a resolution (attached as SUPPLEMENT II) honoring Erwin C. Surrency, former Director of the Temple University Law Library, on the occasion of the 25th anniversary of his serving as the founding-editor of The American Journal of Legal History.

Board of Governors, Temple University Hospital Report and Recommendation for Action

Mr. Melnicoff, Chairman of the Board of Governors, had to leave the meeting early, but Mr. Klein called the attention of the Trustees to the Board of Governors' Report (Agenda Reference 5), noting that occupancy of the Hospital was up to 84% in February and to 86% for the first week in March. He then recommended approval of the amendment to the By-Laws, Temple University Hospital Board of Governors, as indicated in Item 6 of these Minutes.

6. Amendment of By-Laws, Temple University Hospital Board of Governors

On motion duly made and seconded, the Board of Trustees voted to approve the recommendation of the Board of Governors (2/16/82) that Sections 1, 2 and 5 be amended and that Section 8 be added to Article VI of the Board of Governors By-Laws to reflect the additions, as underlined, and deletions, as crossed out, as shown in SUPPLEMENT III.

Audit Committee Report and Recommendation for Action

Mr. Zanger, a member of the Audit Committee, reported that the Committee had met on 3/8/82 to receive the Management Letters from the independent accountants with regard to the Physicians' Practice Plan, Temple University Hospital, and the University generally. The Committee then heard management's responses to these Letters and the steps that are being taken to address the matters raised by the

outside accountants. In addition, the Committee heard a progress report regarding the Student Information System and the Payroll/Personnel System. Finally, the Committee heard a Mid-Year Activity Report from the Director of Internal Audits.

Mr. Zanger then moved approval of the matter covered in Item 7 of these Minutes.

7. Selection of Independent Accountants for Fiscal Year 1982-83

On motion duly made and seconded, the Board voted to approve the recommendation of the Audit Committee (3/8/82) that Peat, Marwick, Mitchell and Company be selected as independent accountants for Fiscal Year 1982-83.

Campus Planning and Plant Management Committee Report

Mr. Rafsky, Chairman of the Campus Planning and Plant Management Committee, called attention to the Report of that Committee (Agenda Reference 10) and noted that the dedication of Dixon Hall on the Ambler Campus is set for Wednesday, April 28, 1982.

Reports of Other Standing Committees

The Chairman referred to the Reports of the other Standing Committees (Agenda References 7, 9, 11, 12, 14, 15 and 16), noting that if anyone present had any questions about these Reports, he or she should communicate with the respective Committee Chairmen.

REPORTS OF OFFICERS

8. Treasurer's Report

Without objection, the Board of Trustees received the list of gifts and grants received and purchases and sales of securities between November 1, 1981 and January 31, 1982, said report having been distributed for the Board meeting of today (Agenda Reference 17).

9. Secretary's Report - Approval of Presentation of Degrees-in-Course

On motion duly made and seconded, the Board of Trustees voted to approve the presentation of degrees-in-course dated May 27, 1982 to candidates approved by the appropriate academic committees of the faculty.

NEW BUSINESS

Mr. Dixon said that Dr. Murray Halfond, Chairman of the Steering Committee of the Faculty Senate, had requested permission to speak to the Board today, and this request was granted. He asked Dr. Halfond to come to the podium, and the following letter, addressed to the Chairman of the Board, was read:

On the eve of our second century, our University is in grave danger.

The budgetary allocations of the current administration require that in a space of days decisions be made that will have profound implications for academic programs carefully built up over years of planning and implementation. We are concerned about our University as an educational resource for Philadelphia and the Commonwealth of Pennsylvania. For the last century Temple University has served in a unique capacity, offering the widest range of educational opportunities, undergraduate, graduate and professional, to the most diverse populations. The budgetary allocations that have been made, and the manner in which they have been made, will make it much more difficult for Temple to play this role in the future.

These are trying times. Temple could hardly escape the economic stringencies that are affecting so painfully every sector of our society. We do not, therefore, oppose any effort to review and reorganize our programs and services in order to improve effectiveness within the budgetary constraints that must be accepted. On the contrary, we wish to join in a responsible effort, and believe that there can be none that avoids the professional advice and concerned monitoring of the University's faculty.

The three-year budget allocations may balance the books in the short run but they have little chance of preserving the health of our academic programs. Any restructuring of the University should be designed to leave it stronger than before with clear priorities for quality education, research and service.

We ask the Trustees to drop the March 12 deadline for the submission of school and college budgets, and to reopen the long-term budgeting process so that it can be linked to a long-term academic plan that sustains Temple as an educational resource for the communities it serves.

The above letter was signed by Dr. Halfond as Chairman of the Faculty Senate Steering Committee, and it was indicated that copies of the letter were sent to all members of the Board of Trustees.

Mr. Dixon thanked Dr. Halfond for the letter, and indicated that the Board would then go into executive session.

The regular meeting of the Board of Trustees was adjourned at 4:00 P.M., and the Board went into executive session.